

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 16-133 and 16-158 as follows:

6 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)
7 Sec. 16-133. Retirement annuity; amount.

8 (a) The amount of the retirement annuity shall be the
9 larger of the amounts determined under paragraphs (A) and (B)
10 below:

11 (A) An amount consisting of the sum of the
12 following:

13 (1) An amount that can be provided on an
14 actuarially equivalent basis by the member's
15 accumulated contributions at the time of retirement;
16 and

17 (2) The sum of (i) the amount that can be
18 provided on an actuarially equivalent basis by the
19 member's accumulated contributions representing
20 service prior to July 1, 1947, and (ii) the amount
21 that can be provided on an actuarially equivalent
22 basis by the amount obtained by multiplying 1.4
23 times the member's accumulated contributions
24 covering service subsequent to June 30, 1947; and

25 (3) If there is prior service, 2 times the
26 amount that would have been determined under
27 subparagraph (2) of paragraph (A) above on account
28 of contributions which would have been made during
29 the period of prior service creditable to the member
30 had the System been in operation and had the member
31 made contributions at the contribution rate in

1 effect prior to July 1, 1947.

2 (B) An amount consisting of the greater of the
3 following:

4 (1) For creditable service earned before July
5 1, 1998 that has not been augmented under Section
6 16-129.1: 1.67% of final average salary for each of
7 the first 10 years of creditable service, 1.90% of
8 final average salary for each year in excess of 10
9 but not exceeding 20, 2.10% of final average salary
10 for each year in excess of 20 but not exceeding 30,
11 and 2.30% of final average salary for each year in
12 excess of 30; and

13 For creditable service earned on or after July
14 1, 1998 by a member who has at least 24 years of
15 creditable service on July 1, 1998 and who does not
16 elect to augment service under Section 16-129.1:
17 2.2% of final average salary for each year of
18 creditable service earned on or after July 1, 1998
19 but before the member reaches a total of 30 years of
20 creditable service and 2.3% of final average salary
21 for each year of creditable service earned on or
22 after July 1, 1998 and after the member reaches a
23 total of 30 years of creditable service; and

24 For all other creditable service: 2.2% of
25 final average salary for each year of creditable
26 service; or

27 (2) 1.5% of final average salary for each year
28 of creditable service plus the sum \$7.50 for each of
29 the first 20 years of creditable service.

30 The amount of the retirement annuity determined under
31 this paragraph (B) shall be reduced by 1/2 of 1% for each
32 month that the member is less than age 60 at the time the
33 retirement annuity begins. However, this reduction shall
34 not apply (i) if the member has at least 35 years of

1 creditable service, or (ii) if the member retires on
2 account of disability under Section 16-149.2 of this
3 Article with at least 20 years of creditable service, or
4 (iii) if the member (1) has earned during the period
5 immediately preceding the last day of service at least
6 one year of contributing creditable service as an
7 employee of a department as defined in Section 14-103.04,
8 (2) has earned at least 5 years of contributing
9 creditable service as an employee of a department as
10 defined in Section 14-103.04, (3) retires on or after
11 January 1, 2001, and (4) retires having attained an age
12 which, when added to the number of years of his or her
13 total creditable service, equals at least 85. Portions
14 of years shall be counted as decimal equivalents.

15 (b) For purposes of this Section, final average salary
16 shall be the average salary for the highest 4 consecutive
17 years within the last 10 years of creditable service as
18 determined under rules of the board. The minimum final
19 average salary shall be considered to be \$2,400 per year.

20 In the determination of final average salary for members
21 other than elected officials and their appointees when such
22 appointees are allowed by statute, that part of a member's
23 salary for any year beginning after June 30, 1979 which
24 exceeds the member's annual full-time salary rate with the
25 same employer for the preceding year by more than 20% shall
26 be excluded. The exclusion shall not apply in any year in
27 which the member's creditable earnings are less than 50% of
28 the preceding year's mean salary for downstate teachers as
29 determined by the survey of school district salaries provided
30 in Section 2-3.103 of the School Code.

31 If a superintendent receives a salary increase on or
32 after the effective date of this amendatory Act of the 93rd
33 General Assembly, the superintendent may choose to have some
34 or all of that increase in salary not included as a part of

1 his or her salary for the purpose of determining final
2 average salary by filing a written election with the System
3 within 30 days after receiving the salary increase.

4 (c) In determining the amount of the retirement annuity
5 under paragraph (B) of this Section, a fractional year shall
6 be granted proportional credit.

7 (d) The retirement annuity determined under paragraph
8 (B) of this Section shall be available only to members who
9 render teaching service after July 1, 1947 for which member
10 contributions are required, and to annuitants who re-enter
11 under the provisions of Section 16-150.

12 (e) The maximum retirement annuity provided under
13 paragraph (B) of this Section shall be 75% of final average
14 salary.

15 (f) A member retiring after the effective date of this
16 amendatory Act of 1998 shall receive a pension equal to 75%
17 of final average salary if the member is qualified to receive
18 a retirement annuity equal to at least 74.6% of final average
19 salary under this Article or as proportional annuities under
20 Article 20 of this Code.

21 (Source: P.A. 90-582, eff. 5-27-98; 91-17, eff. 6-4-99;
22 91-887, eff. 7-6-00; 91-927, eff. 12-14-00.)

23 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

24 Sec. 16-158. Contributions by State and other employing
25 units.

26 (a) The State shall make contributions to the System by
27 means of appropriations from the Common School Fund and other
28 State funds of amounts which, together with other employer
29 contributions, employee contributions, investment income, and
30 other income, will be sufficient to meet the cost of
31 maintaining and administering the System on a 90% funded
32 basis in accordance with actuarial recommendations.

33 The Board shall determine the amount of State

1 contributions required for each fiscal year on the basis of
2 the actuarial tables and other assumptions adopted by the
3 Board and the recommendations of the actuary, using the
4 formula in subsection (b-3).

5 (a-1) Annually, on or before November 15, the Board
6 shall certify to the Governor the amount of the required
7 State contribution for the coming fiscal year. The
8 certification shall include a copy of the actuarial
9 recommendations upon which it is based.

10 On or before May 1, 2004, the Board shall recalculate and
11 recertify to the Governor the amount of the required State
12 contribution to the System for State fiscal year 2005, taking
13 into account the amounts appropriated to and received by the
14 System under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act.

16 (b) Through State fiscal year 1995, the State
17 contributions shall be paid to the System in accordance with
18 Section 18-7 of the School Code.

19 (b-1) Beginning in State fiscal year 1996, on the 15th
20 day of each month, or as soon thereafter as may be
21 practicable, the Board shall submit vouchers for payment of
22 State contributions to the System, in a total monthly amount
23 of one-twelfth of the required annual State contribution
24 certified under subsection (a-1). These vouchers shall be
25 paid by the State Comptroller and Treasurer by warrants drawn
26 on the funds appropriated to the System for that fiscal year.

27 If in any month the amount remaining unexpended from all
28 other appropriations to the System for the applicable fiscal
29 year (including the appropriations to the System under
30 Section 8.12 of the State Finance Act and Section 1 of the
31 State Pension Funds Continuing Appropriation Act) is less
32 than the amount lawfully vouchered under this subsection, the
33 difference shall be paid from the Common School Fund under
34 the continuing appropriation authority provided in Section

1 1.1 of the State Pension Funds Continuing Appropriation Act.

2 (b-2) Allocations from the Common School Fund
3 apportioned to school districts not coming under this System
4 shall not be diminished or affected by the provisions of this
5 Article.

6 (b-3) For State fiscal years 2011 through 2045, the
7 minimum contribution to the System to be made by the State
8 for each fiscal year shall be an amount determined by the
9 System to be sufficient to bring the total assets of the
10 System up to 90% of the total actuarial liabilities of the
11 System by the end of State fiscal year 2045. In making these
12 determinations, the required State contribution shall be
13 calculated each year as a level percentage of payroll over
14 the years remaining to and including fiscal year 2045 and
15 shall be determined under the projected unit credit actuarial
16 cost method.

17 For State fiscal years 1996 through 2010, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual
20 increments so that by State fiscal year 2011, the State is
21 contributing at the rate required under this Section; except
22 that in the following specified State fiscal years, the State
23 contribution to the System shall not be less than the
24 following indicated percentages of the applicable employee
25 payroll, even if the indicated percentage will produce a
26 State contribution in excess of the amount otherwise required
27 under this subsection and subsection (a), and notwithstanding
28 any contrary certification made under subsection (a-1) before
29 the effective date of this amendatory Act of 1998: 10.02% in
30 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY
31 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

32 Beginning in State fiscal year 2046, the minimum State
33 contribution for each fiscal year shall be the amount needed
34 to maintain the total assets of the System at 90% of the

1 total actuarial liabilities of the System.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and
4 each fiscal year thereafter, as calculated under this Section
5 and certified under subsection (a-1), shall not exceed an
6 amount equal to (i) the amount of the required State
7 contribution that would have been calculated under this
8 Section for that fiscal year if the System had not received
9 any payments under subsection (d) of Section 7.2 of the
10 General Obligation Bond Act, minus (ii) the portion of the
11 State's total debt service payments for that fiscal year on
12 the bonds issued for the purposes of that Section 7.2, as
13 determined and certified by the Comptroller, that is the same
14 as the System's portion of the total moneys distributed under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act.

17 (b-4) If a superintendent's salary for a school year is
18 more than 7% greater than his or her salary with the same
19 employer for the previous school year, the superintendent's
20 employer shall pay to the System, in addition to all other
21 payments required under this Section and in accordance with
22 guidelines established by the System, the actuarial value of
23 the increase in benefits resulting from the portion of the
24 increase in salary that is in excess of 7%.

25 If, during any calendar year, a superintendent's salary
26 exceeds the salary of the Governor during that calendar year,
27 the superintendent's employer shall pay to the System, in
28 addition to all other payments required under this Section
29 and in accordance with guidelines established by the System,
30 the actuarial value of the benefits resulting from the
31 portion of the salary that is in excess of the Governor's
32 salary.

33 For the purposes of this subsection (b-4) the term
34 "superintendent" means a superintendent who is employed

1 pursuant to Section 10-21.4 of the School Code.

2 The provisions of this subsection (b-4) apply to salaries
3 paid to general superintendents under employment contracts
4 entered into, amended, or extended after November 18, 2003
5 (other than any portion of a salary that a superintendent
6 elects to have not included as a part of his or her salary
7 for the purpose of determining final average salary under
8 subsection (b) of Section 16-133).

9 (c) Payment of the required State contributions and of
10 all pensions, retirement annuities, death benefits, refunds,
11 and other benefits granted under or assumed by this System,
12 and all expenses in connection with the administration and
13 operation thereof, are obligations of the State.

14 If members are paid from special trust or federal funds
15 which are administered by the employing unit, whether school
16 district or other unit, the employing unit shall pay to the
17 System from such funds the full accruing retirement costs
18 based upon that service, as determined by the System.
19 Employer contributions, based on salary paid to members from
20 federal funds, may be forwarded by the distributing agency of
21 the State of Illinois to the System prior to allocation, in
22 an amount determined in accordance with guidelines
23 established by such agency and the System.

24 (d) Effective July 1, 1986, any employer of a teacher as
25 defined in paragraph (8) of Section 16-106 shall pay the
26 employer's normal cost of benefits based upon the teacher's
27 service, in addition to employee contributions, as determined
28 by the System. Such employer contributions shall be
29 forwarded monthly in accordance with guidelines established
30 by the System.

31 However, with respect to benefits granted under Section
32 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
33 of Section 16-106, the employer's contribution shall be 12%
34 (rather than 20%) of the member's highest annual salary rate

1 for each year of creditable service granted, and the employer
2 shall also pay the required employee contribution on behalf
3 of the teacher. For the purposes of Sections 16-133.4 and
4 16-133.5, a teacher as defined in paragraph (8) of Section
5 16-106 who is serving in that capacity while on leave of
6 absence from another employer under this Article shall not be
7 considered an employee of the employer from which the teacher
8 is on leave.

9 (e) Beginning July 1, 1998, every employer of a teacher
10 shall pay to the System an employer contribution computed as
11 follows:

12 (1) Beginning July 1, 1998 through June 30, 1999,
13 the employer contribution shall be equal to 0.3% of each
14 teacher's salary.

15 (2) Beginning July 1, 1999 and thereafter, the
16 employer contribution shall be equal to 0.58% of each
17 teacher's salary.

18 The school district or other employing unit may pay these
19 employer contributions out of any source of funding available
20 for that purpose and shall forward the contributions to the
21 System on the schedule established for the payment of member
22 contributions.

23 These employer contributions are intended to offset a
24 portion of the cost to the System of the increases in
25 retirement benefits resulting from this amendatory Act of
26 1998.

27 Each employer of teachers is entitled to a credit against
28 the contributions required under this subsection (e) with
29 respect to salaries paid to teachers for the period January
30 1, 2002 through June 30, 2003, equal to the amount paid by
31 that employer under subsection (a-5) of Section 6.6 of the
32 State Employees Group Insurance Act of 1971 with respect to
33 salaries paid to teachers for that period.

34 The additional 1% employee contribution required under

1 Section 16-152 by this amendatory Act of 1998 is the
2 responsibility of the teacher and not the teacher's employer,
3 unless the employer agrees, through collective bargaining or
4 otherwise, to make the contribution on behalf of the teacher.

5 If an employer is required by a contract in effect on May
6 1, 1998 between the employer and an employee organization to
7 pay, on behalf of all its full-time employees covered by this
8 Article, all mandatory employee contributions required under
9 this Article, then the employer shall be excused from paying
10 the employer contribution required under this subsection (e)
11 for the balance of the term of that contract. The employer
12 and the employee organization shall jointly certify to the
13 System the existence of the contractual requirement, in such
14 form as the System may prescribe. This exclusion shall cease
15 upon the termination, extension, or renewal of the contract
16 at any time after May 1, 1998.

17 (Source: P.A. 92-505, eff. 12-20-01; 93-2, eff. 4-7-03.)

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.27 as follows:

20 (30 ILCS 805/8.27 new)

21 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
22 and 8 of this Act, no reimbursement by the State is required
23 for the implementation of any mandate created by this
24 amendatory Act of the 93rd General Assembly.

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.